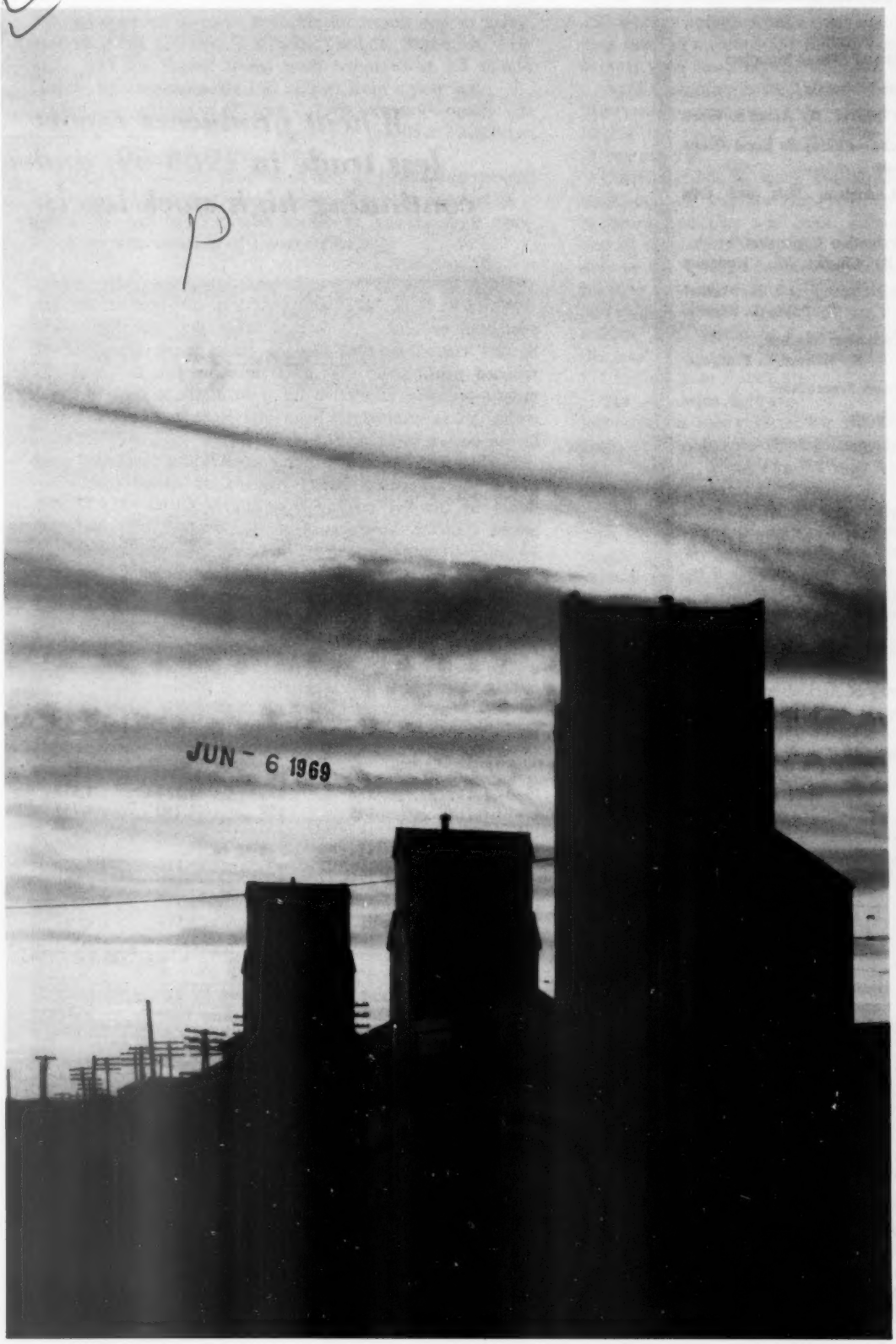
May 26, 1969

FOREIGN AGRICULTURE



JUN - 6 1969

May 26, 1969

WORLD WHEAT—
MIDYEAR REVIEW

PRICING
CANADA'S WHEAT

PHILIPPINE FOOD
CROPS AND EXPORTS

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Saskatchewan grain elevators at dusk. Canadian wheat has fewer foreign buyers this year; how producers would like to handle the disposal problem is discussed on page 4. The world wheat situation is reviewed beginning this page.
(Photo: National Film Board of Canada.)

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Midyear R

Wheat producers report less trade in 1968-69, and continuing high stock levels.

World trade in wheat and flour this year is currently expected to be about 10 percent lower than the 1.9 billion bushels traded in 1967-68—the third consecutive year of reduced world trade. Whereas fewer exports to the Communist countries accounted for most of the decline in the 2 earlier years, exports to India and Pakistan are the major factors cutting trade in 1968-69.

For the first 8 months of the current wheat marketing year (July 1968-February 1969) exports of wheat (excluding flour) by the five leading exporting countries—the United States, Canada, Australia, Argentina, and France—were off 14 percent compared with the same period a year ago. However, when exports to India, Pakistan, the Soviet Union, and Eastern Europe are excluded, shipments during the 8-month period by these five exporters at 696 million bushels were up 43 million bushels from the comparable period in 1967-68.

SHIFTS IN WORLD WHEAT EXPORTS TO SELECTED MARKETS

Year	India and Pakistan	Communist countries	Others	World total
	Million bushels	*Million bushels*	*Million bushels*	*Million bushels*
1960-61	178	275	1,124	1,577
1961-62	148	369	1,240	1,757
1962-63	197	370	1,042	1,609
1963-64	234	736	1,105	2,075
1964-65	308	440	1,116	1,864
1965-66	319	790	1,183	2,292
1966-67	313	522	1,227	2,062
1967-68	328	418	1,186	1,932
1968-69 [1]	165	360	1,230	1,755

[1] Forecast.

Exports to Western Europe were up by nearly 40 million bushels, including a gain of 22 million bushels in French exports to other EC countries. For the 8-month period, exports were also increased to Central and South America (20 million bushels) but remained at last year's level to Asian countries outside of India, Pakistan, and Mainland China. The combined total to India and Pakistan was 140 million bushels behind the pace of a year ago.

Shipments to Mainland China at 70 million bushels almost matched those of a year ago. Exports by the five to the USSR and East European countries were nearly 40 million bushels lower, with the USSR and Poland accounting for most of the loss. Shipments to Bulgaria increased.

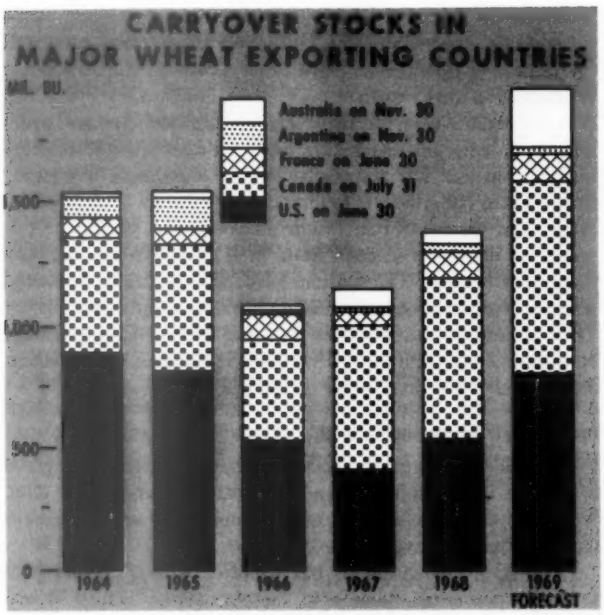
Wheat stocks on hand continue to be high in most produc-

ar Review of World Wheat Situation

ing countries after 2 years of high production levels and reduced exports. Supplies available for export and/or carryover on April 1, 1969, in France, Canada, Argentina, Australia, and the United States were estimated at 2.5 billion bushels, up approximately 600 million from a year ago.

Canadian supplies as of April 1, 1969, are up by nearly 120 million bushels from those of a year ago despite a 30-million-bushel gain in August-March exports.

Argentina's reduced production and an increase of around 30 million bushels in December-March exports resulted in a decline of close to 45 million bushels in that country's April 1 supplies from the level of a year earlier.



The Australian April 1 export availability increased about 250 million bushels from a year ago as production this past year reached a record 534 million bushels. December-March exports were down slightly from last year.

April 1 supplies in the United States are estimated to have increased approximately 255 million bushels from a year ago, largely the result of a 225-million-bushel decline in July-March exports.

Current trends in stock availabilities and the short-term trade outlook indicate that virtually all the major wheat exporting countries will have increased carryovers by the end of the respective current crop years. Unless Canada is able to sell a large quantity of wheat to the Soviet Union between now and July 31, Canadian exports will be around 360 million bushels with a resulting carryover of around 790 million. This would be a gain of 125 million bushels from the level of last July 31, 215 million from 2 years ago, and 370 million from 3 years ago.

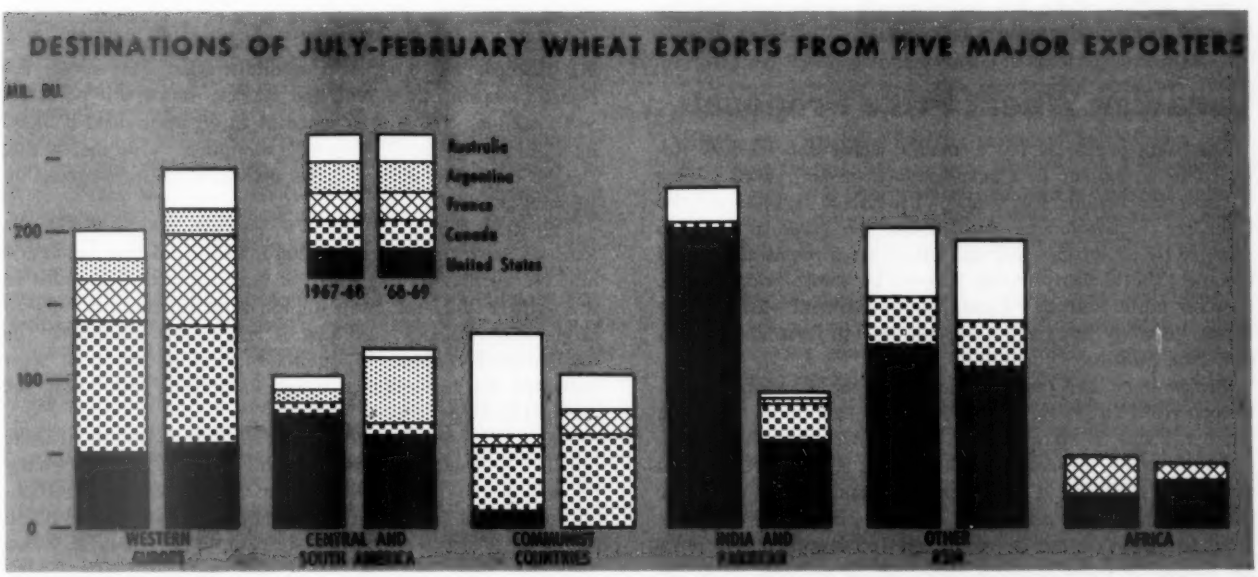
The Argentine carryover on November 30 will likely be less than last year's 37 million bushels since a drawdown in stock will probably be needed to meet already existing export commitments. Some imports may also be made to relieve pressures on domestic price levels.

The Australian carryover on November 30 could be as high as 240 million bushels—nearly five times last year's—largely a result of a near doubling of output. With the exception of the past 2 years, the Australian carryover has normally been in the area of 20 million to 30 million bushels.

The June 30 carryover in France wll also be higher, at least 20 million bushels over last year's and 45 million more than in 1967.

Prospects for 1969 harvests

Fall and winter planting in most of the Northern Hemisphere countries are generally down from last year. In the United States, average allotments have been reduced; else-



where weather conditions have been unfavorable either through excessive moisture, frosts, or hurricanes. Some countries were late planting because of an excessively late 1968 harvest and late spring. Unless extremely good conditions result in higher yields and fertilizer is used abundantly, the Northern Hemisphere harvest will be reduced for 1969.

U.S. wheat cutback

Winter wheat in the United States is considered in good condition even though some severe weather lately may have caused light damage. Farmers' intentions as of March show a decline of 13 percent in plantings, which is in line with the reductions in acreage allotments.

The Canadian Government reports farmers are planting 26 million acres, 12 percent below 1968 and 10 percent less than the 1963-67 average. Influencing factors have been the buildup in on-farm stocks and lack of export market outlets.

Western Europe has been hampered by unfavorable weather conditions and the late 1968 harvest in some countries. By early January, France had planted only 9.0 million acres of soft wheat, down from 9.4 million a year ago. However, the winter acreage of durum wheat is up almost 20 percent to 117,000 acres.

In West Germany, fall sowing was somewhat impeded and delayed by frequent rains. This condition has improved and acreage will continue to increase by 3 percent.

England and Wales have been handicapped by excessive rainfall, and most of the acreage planted to wheat is waterlogged. Chances for making up lost acreage are slim since much of the land is not good for spring wheats. A large proportion may be sown to barley.

Other European countries indicate either the same plantings or a slight decrease such as in Spain.

Weather troubles Soviets

In the Soviet Union it is reported that hurricane and dust storms have destroyed large areas of winter wheat, particularly in the northern Caucasus grain region. Plans for reseeding the damaged area are under way.

India will likely produce another record wheat crop, perhaps 8 percent above last year's record. Pakistan's production will be about the same as last year.

Canadian Wheat Price Proposals

Dimming prospects for Canada's wheat exports have resulted in a number of Canadian farm organizations urging a two-price system for wheat. Provincial legislatures, the Canadian Federation of Agriculture, the National Farmers Union (NFU) of Canada, and others have intensified efforts toward Federal Government support of a two-price system, thus far unsuccessfully. Canadian Government officials have agreed to study the group's suggestions but have not formalized their position.

Action since then includes a move by the Manitoba legislature on April 26 urging Ottawa to institute a system of acreage payments and to set up a two-price system for wheat, oats, and barley. The Canadian Federation of Agriculture in April asked for government assistance to grain producers in the form of guaranteed prices and a two-price system—a higher price for grain on the home market and a competitive price for Canadian grain entering international markets. The request was for a minimum price of Can $2.12 per bushel for export sales of about 1.3 billion bushels over 3 years.

The NFU on May 5 proposed the following: a price based on farmers' annual wheat crop, extension of Canadian Wheat Board jurisdiction over all grains grown in Canada, and a two-price system for wheat. Under the NFU suggested pricing system the farmers would be guaranteed $2.75 per bushel for the first 2,000 bushels of wheat sold. This is $1 more per bushel than the export price, reportedly to be recovered by an increase in the price of bread by 2 cents per loaf.

—Based on dispatch from ALFRED R. PERSI
Assistant U.S. Agricultural Attaché, Ottawa

Australia Sets Wheat Quotas

Honorable J. D. Anthony, Australian Minister for Primary Industry, on April 30 announced that the government would support the Australian Wheat Growers' Federation proposals for quotas to operate on delivery of wheat to the Australian Wheat Board next season.

Australia's wheat industry has encountered serious problems in storing and marketing last year's record 540-million-bushel crop and has responded to the government's warning that it could not continue to finance the industry at the present level. The Growers' Federation proposed that quotas be imposed on deliveries in each State in the 1969-70 season to a maximum total of 357 million bushels. (Australia produced a 5-year average crop of 305 million bushels during 1960-64.) The Federation also proposed that the first advance payment be continued at A$1.10 (US$1.23) per bushel on all wheat delivered to the Wheat Board within the quotas.

Individual State support

Each of the States has accepted the proposals and agreed to assume responsibility for administration of the quota plan. Some supporting legislation may be necessary for implementation of the proposals.

In turn, the government has decided to support the plan and will guarantee finance to the Australian Wheat Board for it to make a first advance of $1.10 per bushel on wheat delivered within the quotas to a limit of 357 million bushels. Additional funds will be made available for expenses including storage, handling, and administration. However, the Board's drawing limit with the Reserve Bank will be set at $440 million. The first advance of $1.10 per bushel is based on fair average quality wheat, f.o.r. ports. This means that freight cost will, as usual, be deducted from payments to growers.

The Reserve Board is likely to have an overdraft with the Reserve Bank of as much as $200 million (covering some 200 mil. bu. surplus) going into the next harvest. This adds to the stringency of the $440 million limit set for the 1969-70 crop. Mr. Anthony said that if the quotas should not be implemented and the 357-million-bushel delivery limit were exceeded the first advance would have to be lower than the planned $1.10 per bushel.

He commented that decisions on implementation of State quotas and allocation between producers are constitutionally matters for the States but offered to assist in coordination. He further noted that self-discipline by the industry would be required.

—By ANSEL S. WOOD
Grain and Feed Division, FAS

Report from the attaché

Philippine Food Crops Gain, Exports Lag

Philippine agriculture made some impressive gains in 1967-68 and is expected to advance further this season. Most of the increase, however, was in staples like rice and corn but not in the important export moneyearners like coconut products, abaca, and sugar. Their lag, plus a buoyant demand for imports, led to a worsening of the balance of payments position and to government restrictions aimed at correcting the problem.

Imports from the United States grow

The increased demand helped boost U.S. agricultural exports to the Philippines in fiscal 1968 by 7.5 percent to $93.6 million. Principal items were again wheat ($39.5 million), cotton ($14.6 million), fats and oils products ($6.1 million), dairy products ($6.0 million), and tobacco ($5.5 million). The U.S. export expansion was counterbalanced by a 12.5-percent increase—to $315 million—in its purchase of Philippine farm products. But Philippine trade with other countries and in other products was not so favorable, and the country ended up with a $325-million trade deficit—not too far off the record deficit of $338 million in 1949.

Faced with the deteriorating foreign exchange situation, the current administration has sought to limit imports without resorting to direct controls or devaluation. The method chosen to accomplish this objective was a series of moves by the Central Bank to restrict credit for imports. In mid-1967, for instance, the Bank issued a circular requiring that all imports be covered by a commercial letter of credit, and it imposed special time deposits, ranging from 0 to 175 percent of the value of goods to be imported. In view of this situation, plus the mounting competition from other suppliers, there appears little room for growth in agricultural imports from the United States during the current year.

Rice and corn—self-sufficiency achieved

The big success story of last year was the Philippines' ability to move from an import to an export position in rice and to reach self-sufficiency in corn. Expansion in these crops was the major factor behind a 7.5-percent increase in 1967-68 foodstuff production.

While there is still disagreement among various Philippine Government agencies about the level of rice production in 1967-68, the Bureau of Agricultural Economics places output at 2.8 million metric tons—6 percent above the previous year's. A further impressive gain had been expected in 1968-69, but prolonged drought in major rice producing areas of central Luzon dashed these hopes, and production is now estimated at about last season's level. During the first half of 1968-69 the Philippines exported for the first time 45,000 tons of rice, of low quality.

The latest official estimate shows 1967-68 corn production rising 5.7 percent above the previous year's to 1,517,280 tons; a modest increase is expected again this year. While the feed industry's demand for corn is expected to continue growing, creating temporary shortages and rising prices, imports are not likely during 1968-69. The Philippines will probably remain on the borderline of self-sufficiency in corn for several years.

Behind these gains was the government's unprecedented zeal in encouraging corn and rice production over the last few years. The country's 4-year development plan, which began in 1966, gave priority to these two crops and to giving farmers higher incomes. Now, with their goal of self-sufficiency seemingly accomplished, the agricultural development agencies have to some extent diverted attention from boosting production to solving marketing problems that have developed. These efforts include the expansion of drying and warehousing facilities, for which funding is being obtained.

Also, in 1968, the agricultural development program was expanded to include the poultry and livestock industries, with the goal of reaching self-sufficiency in pork and poultry by 1971 and in beef and milk by 1975. A part of the program is the import of 10,000 breeding cattle, but this has yet to begin in earnest. With the help of Export-Import Bank loans and the CCC export credit program, cattle imports from the United States should be enhanced this year.

Official data on livestock and poultry output are scarce. However, it is believed that livestock production and slaughter rose moderately in 1968, with the greatest gain in poultry and swine. Despite the increase, local supplies of meat remain far short of the still-low consumer requirements.

Imports of red meat were up 2 percent to 7,742 tons in 1967 and are believed to have risen further in 1968.

On the dairy side, the Philippines has a long way to go if it is to reach self-sufficiency, for 95 percent of the market is still supplied by imports. This dependency on outside sources will probably last over the next several years.

Export crops lose ground

In contrast to its success with the food crops, the Philippines has had numerous difficulties with its export products.

Production of coconut products—the country's major agricultural export—has been held down since late 1967, when a devastating typhoon sharply reduced output. In 1968, production of copra was a mere 1,340,000 tons, or 5 percent below the reduced 1967 output. However, prices were high, and total export earnings from this commodity exceeded 1967's by 18 percent.

Sugar, too, has been hurt by persistent bad weather. Prolonged drought last year impaired germination and growth of plants in some major producing areas and is expected to cause some losses in sugar yields this year. The outlook was further worsened by two typhoons, which hit the major producing areas of Negros and Iloilo late last year. As a result, Philippine output of centrifugal sugar will be unfavorable for the third year in a row. Outturn in 1967-68 is estimated at about 1.9 million tons, commercial weight, or only 1.5 percent more than the inadequate level of the year before.

Sugar's troubles have been reflected in the marketplace. The country succeeded in filling its basic quota to the United States last year only by borrowing heavily against the crop that would normally be exported this year. As a result, the sugar industry fears it will be unable to meet supply commitments in 1969. The government, concerned over the loss of potential foreign exchange earnings, has encouraged a mill

expansion program, which is expected to boost production in 1970 and beyond.

The Philippine abaca industry remains in serious trouble. A prolonged period of declining demand and prices has forced many producers to shift from this product to more profitable crops—a shift that is reflected in the 15-percent drop in 1968 balings to an estimated 605,000 bales. While domestic consumption in 1968 rose slightly, exports fell some 10 percent to 455,000 bales.

One export product that is still growing is canned pineapple, production of which climbed to an estimated 60,000 tons in 1968 from 57,000 the year before. A further increase is seen for 1969 as the second largest canner comes into full production. Some 85 percent of total production moves into export, so the rising production is reflected in export statistics, which were up 20 percent in 1967 to 48,511 tons.

Philippine tobacco apparently also escaped weather damage, for yields in 1967-68 were up—almost offsetting a reduced acreage—and a production gain is seen for this season. The 1967-68 outturn of Virginia-type flue-cured tobacco is preliminarily estimated at 32,500 tons, compared with 33,000 harvested in 1966-67, and production of native leaf tobacco rose substantially over the crop of 1966-67, which suffered from poor weather conditions.

Philippine imports of blending tobacco also rose in fiscal 1968, by 10 percent to 7.6 million pounds. Imports in fiscal 1969 are expected to continue at about the same level as demand for locally manufactured cigarettes increases.

—Based on dispatch from FRED W. TRAEGER
U.S. Agricultural Attaché, Manila

Three-Country West African Fats and Oils Roundup

Peanuts and palm trees are the chief sources of domestic supplies of edible oils and oil exports in west Africa. The countries studied have contrasting edible oil foreign sales, self-sufficiencies, and production efficiencies.

Ivory Coast's Edible Oil Plans

Plan Palmier and Plan Cocotier are changing the Ivory Coast from an importer of vegetable oils to a prospective net exporter. In addition the plans are diversifying the economy, which in the past has been dependent on coffee and cocoa for agricultural export earnings, decreasing agricultural imports (vegetable oils were a major item), and providing employment and increasing earnings for many workers and farmers.

Plan Palmier (the Palm Plan) began formally in 1960 and was originally to end in 1970, by which time about 188,000 acres of oil palms were to be planted. Recently the Ivory Coast signed a new agreement with the World Bank that will provide money for bringing an additional 40,000 acres into production. By the end of 1968 approximately 124,000 acres were put in oil palms under the Plan—the majority in large plantations but some in small holdings for individual farmers.

Although the Palm Plan is new to the Ivory Coast, the oil palm is not. Considerable production for local consumption still comes from wild oil palms (between 10,000 and 15,000 tons a year). Scattered farmers gather and process oil palm fruits in crude apparatus to extract oil, which they sell in local markets. Other farmers near plantations grow oil palms and sell the fruits to nearby mills. Production from their trees was about 7,700 metric tons of oil in 1967. In the same year oil production from palms grown on plantations was about 12,300 tons.

Extracting oil from the oil palm is rather complex if the maximum amount is to be recovered. First, oil palm fruits are harvested and transported to a processor. A fleshy pulp immediately outside the central nut is crushed and heated to get oil. If the processor does not have modern equipment, he can extract oil only from the fruit. But if the processor is one of the new factories set up under the Palm Plan, the shell of the oil palm nut is cracked and the kernel is further processed to obtain more oil. A byproduct is palm kernel meal, which can be fed to animals.

By early 1969 eight modern palm oil mills were functioning in the Ivory Coast as part of the Palm Plan. The mills are located on or near palm plantations. Six more mills are planned and are scheduled to be completed by the end of 1973.

Plan Cocotier (the Coconut Tree Plan) was launched in 1967 and is scheduled to achieve its goals—chiefly the planting of about 37,000 acres of coconut palms—by 1971. By the end of 1968 about 6,000 acres were under cultivation. As in Plan Palmier, plantations and processing plants will be surrounded by small holders who raise fruit and sell it to the nearby processing facilities. Unlike oil palms, which come into production when they are about 4 years old, coconut palms do not bear fruit until they are about 7 years. The wait for maximum results from the coconut plan will be longer than for the oil palm plan. Also, even under the best of conditions, coconut palms do not give the oil yield per acre that can be achieved with oil palms. But smaller yields are offset by the greater value per unit of coconut oil on the present world market.

Oil is extracted from copra, or the dried meat from inside a coconut shell. A byproduct of the processing is meal that can be fed to animals.

The government-owned company that has supervised the huge oil palm and coconut palm plantings and the oil mills up till now is SODEPALM. But as the oil palm scheme enters its productive phase, SODEPALM is to be subdivided into three separate companies, each with distinct functions. SODEPALM will own the coconut and oil palm plantations. A second company, Palm Industry, will own the oil mills. The third company, Palm Ivoire, will manage both the plantations and the oil mills.

Fats and oils trends

Although the Ivory Coast is still a net importer of vegetable oils, it is already an exporter of oil-bearing materials—chiefly cottonseed and oil palm kernels. In 1967 exports of cottonseed were 12,191 metric tons—and figures for later years are probably higher as cotton production in the country is increasing and few facilities for crushing cottonseed exist. Palm kernel exports, in contrast, are decreasing because more kernels are being processed in the Ivory Coast. In 1967 palm kernel exports were 10,137 metric tons and were less than in 1966 although production of oil palm fruit was up. A minor oil-bearing export commodity was peanuts—953 metric tons (shelled) in 1967.

In 1967 the Ivory Coast both imported and exported vegetable oils—but its imports were slightly larger than exports. Imports were 7,727 metric tons of crude edible vegetable oil and 590 tons of refined edible oil. Exports of crude edible oils totaled 4,064 metric tons, of which 2,426 tons was palm kernel oil and 1,431 tons coconut oil. Exports of refined edible oils totaled 367 tons and were mostly palm oil.

Exports of palm oil, palm kernel oil, and coconut oil are expected to increase rapidly as the new plantings and oil mills come into production in the Ivory Coast.

Estimates at present are that by 1970 the Ivory Coast will either not need to import any vegetable oils or have exports balancing imports. The latter is most likely, as the Ivory Coast will probably continue to import small amounts of refined olive oil and unrefined peanut and soybean oils. Some time in the early 1970's the Ivory Coast is expected to become an important net exporter of vegetable oils.

—Based on dispatch from C. MILTON ANDERSON
Assistant U.S. Agricultural Attaché, Monrovia/Abidjan

Senegal's Peanut and Oil Sales

Senegal is an important producer and exporter of vegetable oils and oil-bearing material in west Africa because of its huge peanut crops, which have ranged around 1 million metric tons a year recently. The country's economy is heavily dependent on foreign earnings from selling raw peanuts, processed peanuts, peanut oil, and peanut cake (a byproduct of crushing peanuts for oil extraction). For example, in 1967 nearly 95 percent of the total value of agricultural exports and 77 percent of the value of all exports were attributable to Senegal's peanut crop.

The dangers of heavy dependence on one crop are apparent from current events in Senegal. Drought during the 1968-69 crop season lowered peanut production to the smallest in recent years. Close to 2.5 million acres were planted to peanuts, but about 10 percent of the acreage was abandoned for the year and at least half of the remaining area had below average output. Official estimates of the crop are down to about 770,000 metric tons.

Not only will government revenues be greatly reduced because of the small crop (all peanuts and peanut products are exported through a government agency), but many internal marketing cooperatives and processing firms will earn less because of small volumes handled.

For example, oil mills, which have expanded their facilities to process larger proportions of bigger crops, will not be able to operate for a normal period in 1968-69 at full capacity for lack of raw material. They will either close down, decreasing employment, or operate at a loss.

Farmers will earn less because they have less to sell. They had already had their peanut earnings cut because the French preferential price agreement for Senegalese peanuts ended on January 1, 1968, and a lower support price was provided through the European Development Fund of the European Community (EC). France is still the major market for Senegal's peanuts and peanut oil.

Senegal is trying to diversify its agriculture. Some work has been done to increase production of rice and sorghum and millet, staple foods of the area. The EC and France are financing a cotton project, which has been quite successful. Seed cotton production reached 6,000 metric tons in 1968 from 14,800 acres. Some cottonseed will be crushed for oil within Senegal in 1968-69, and the rest will be exported. It is not expected that cotton will ever rival the importance of peanuts as a crop.

Senegal is also trying to improve the output and utilization of the peanut crop, and a recent World Bank loan of US$9.5 million will help Senegal to modernize its peanut production and improve its ability to compete in the international market for fats and oils.

—Based on dispatch from GERALD W. SHELDEN
U.S. Agricultural Attaché, Monrovia/Dakar

Sierra Leone's Village Industry

Nearly all the oil consumed in Sierra Leone comes from processing the fruit of wild oil palms or the copra from wild coconut trees. Oil from peanuts contributes a small amount to the national supply. Of an estimated total supply of 48,000 metric tons during 1968, only about 100 metric tons of oil was imported.

The country is a potential exporter of edible oil and is already an exporter of oil-bearing material—around 45,000 metric tons of palm kernels in 1968. But exports of palm kernels, though they fluctuate from year to year, are not making much progress.

Wild oil palms are found everywhere in Sierra Leone, and their fruit is gathered and processed by local farmers to make palm oil, which is used extensively for cooking. Traditionally, the palm fruits are boiled in fuel drums (or any other handy large metal container) and then transferred with any water that is left to clay pits. The pits are fairly waterproof, and after the water and fruit stand for some time the oil floats to the top of the water, where it can be skimmed off. Most of the palm oil consumed in Sierra Leone is processed in this manner. Palm kernels, which are also oil bearing, are left unaffected by such village processing and are collected and sold as agricultural exports.

Some palm oil is processed in eight small mills that were set up in the early 1960's. Their combined capacity is 5,000 metric tons of fruit a year. They do not at present process palm kernels.

Two small oil palm plantations were started in 1968, and the government continued its yearly distribution of 100,000 oil palm seedlings of improved varieties to village farmers. The distribution program has been in effect for several years, and some of the first trees planted are now coming into production and may in the future boost palm oil and palm kernel production. Several small plantations of oil palms were started in the early 1960's that now have very low yields—but some of these could possibly be made profitable with some outlay of government money for improvements and sufficient management.

The second important source of edible oils in Sierra Leone is coconut palms. Most of the trees grow wild in coastal areas. Again, local farmers gather fruits and process them to coconut oil. Unlike palm oil, which is traded throughout the country, coconut oil is mostly consumed in the villages where it is made.

Peanut production is thought to be increasing in recent years, but no estimates of Sierra Leone's oil production from peanuts are available.

—Based on dispatch from C. MILTON ANDERSON
Assistant U.S. Agricultural Attaché, Monrovia/Freetown

Harvesting sugarbeets in the Sebou River Basin in the Rharb area northeast of Rabat. Sugarbeet production probably will increase here when more irrigated acreage becomes available. Photo, courtesy of the Food and Agriculture Organization, United Nations.

Morocco Schedules Irrigation Expansion

By CHARLES M. CLENDENEN
Assistant U.S. Agricultural Attaché
Rabat

The success of Morocco's future agricultural development depends largely on the full and effective use of irrigation. Since the country's rainfall is so variable and unpredictable, irrigation is essential to insure a continuing supply of crops for local processing and for export.

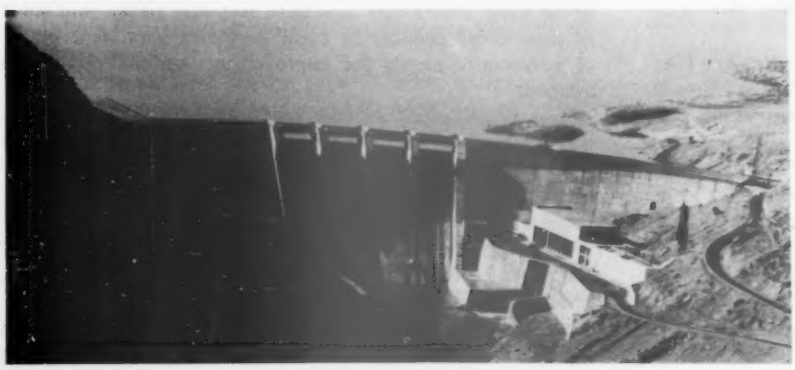
At present, about 370,650 acres are irrigated in Morocco. The government plans to double this irrigated area by the end of 1972—last year of its current 5-year plan for economic development.

Hydrologists estimate that at least one-half of the total fresh-water resources of Morocco either run off to the sea or lie dormant in groundwater reservoirs. Eight new reservoirs are planned for completion by 1972 to catch and hold some of this water for irrigation, electric power generation, and industrial uses. Although the greatest use of water is for irrigation, the need for it in industrial and household uses is growing. Eventually the government plans to have some 2.5 million acres under irrigation.

Morocco's 1968-72 plan is continuing the dam-construction program begun under its preceding 3-year plan. Some $149.2 million—about 15 percent of the budget for the current plan—is allocated for water resource development, most of it for increasing acreage under irrigation.

Summed up in the two tables at right are the extent and location of the main areas under irrigation or scheduled for irrigation in the future.

Below, Mechra Klila Dam in northeastern Morocco, which was completed last year. (Photo, courtesy Hydrotechnic Corporation, Rabat.) Right, rainy-season scene last February on road to Merchouch shows need for flood control. (Photo, courtesy of TAMS Consulting Engineers, New York-Rabat.)



The five major irrigated areas in the first table are supplied by the larger water systems of the country and are located on the coastal plain of Morocco which extends along the Atlantic and Mediterranean coasts. At full production these areas could yield increases in cereals, citrus fruits, vegetables, sugar beets, and cotton amounting to $55,200,000 a year.

The additional 370,000 acres to be added to Morocco's irrigated area by 1972 will come from an expansion of these five major areas plus completion of development projects in some of the smaller areas listed in the second table. The 10 smaller areas shown are all lesser river basins. During drought years, the small rivers that drain these basins may dry up completely. Most of the smaller areas are located east and south of the Atlas Mountains.

Both the Atlantic Ocean and the Atlas Mountains exert a pronounced influence on the climate of the coastal plain of north and west Morocco. The average rainfall on this plain varies from 32 inches a year in the north to 20 inches in the south. South and east of the Atlas Mountains, near the Sahara, rainfall ranges from 4 to 12 inches a year. In some of these areas rainfall is sufficient and comes at the right time of year for cereal production; however, occasional violent thunderstorms in these areas sometimes cause millions of dollars worth of flood damage to livestock, irrigated lands, and farm installations.

In some of these areas dam construction will control flooding as well as store water. This need for flood control was emphasized during the first 3 months of the current rainy season, when 18 out of 22 measuring stations recorded above-average precipitation for the period. Many roads and bridges were damaged beyond use, villages were inundated, and wheat and beet crops in the Sebou River area of the Rharb area were severely damaged.

MOROCCO: FIVE LARGE IRRIGATED AREAS

Area	Dam	River(s) supplying water	Irrigated area	
			Actual	Planned
			Acres	*Acres*
Rharb	El Kansera	Beth, Sebou [1]	74,130	296,520
Tadla	Beni-el-Ouidan	El Abid	160,615	259,455
Doukkala	Im Fout	Oum er R'bia	44,478	242,158
Haouz	Cavagnac	N'Fis	12,355	177,912
Moulouya	Mechra Klila, Mechna Hamadi	Moulouya	98,840	172,970
Total, 5 areas			[2] 390,418	[3] 1,149,015

[1] Area near the Sebou, irrigated with pumps, varies from year to year. [2] This total includes overestimates resulting from rounding; correct total about 370,650 acres. [3] Current 5-year plan calls for bringing about half this area under irrigation by 1972.

Five-Year Plan of Morocco, Ministry of Public Works.

MOROCCO: SMALLER AREAS TO BE IRRIGATED

Area	Dam	River supplying water	Proposed completion date	Estimated area to be irrigated
				Acres
Rharb	Arabat	Inaouene	(1)	148,260
Doukkala	Sidi Ohehou	Oum er R'bia	(1)	197,680
Tadla	Dechra El Oued	Do	(1)	98,840
Haouz	Lkhdar	Tessaout	(1)	98,840
Haouz	Ait Aadel	Do	1971	66,717
Tafilalet	Hassan Dakhel	Ziz	1971	37,065
Ouarzazate	Zaouia N'Ourbaz	Draa	1972	44,478
Souss-Massa	Tankist	Massa	1973	74,130
Loukkas	T'Fer	Loukkas	(1)	74,130
Loukkas	Nakhla	Nakhla	1945	1,730

[1] Unscheduled; project under study.

Five-Year Plan of Morocco, Ministry of Public Works.

Cheddar-Type Cheese Dumping on U.K. Market Studied

The Board of Trade of the United Kingdom has completed its investigation into the dumping of Cheddar-type cheeses on the British market (see *Foreign Agriculture*, February 17, 1969). The Board found that exports from Australia, Canada, the Irish Republic, France, and the Netherlands "have been and are being dumped and subsidized on a considerable scale" and that this "has caused and threatens to cause material injury" to U.K. cheese producers.

In announcing the results of the investigation, the Board of Trade said that a decision on the imposition of antidumping or countervailing duties would await the outcome of discussions with the countries concerned about voluntary restraints on their exports to the United Kingdom. However, now that dumping and material injury have been officially established, continued pressure from U.K. farm groups for specific action by the government can be expected.

Due to increasing imports of subsidized cheese and a buildup of stocks, the British Government in August 1968 requested foreign suppliers to voluntarily restrict exports of Cheddar and Cheddar-type cheese to the U.K. market through March 31, 1969. In November, this proposed period of restraint was extended through March 31, 1970. When no voluntary agreement was reached and imports and stocks continued high, U.K. dairy groups in December petitioned the government to impose antidumping measures. The investigation by the Board of Trade resulted from this action; and it proved a stimulus to foreign suppliers to conclude voluntary agreements to restrict exports to the United Kingdom.

The Ministry of Agriculture announced in March that voluntary agreements had been reached with Australia, New Zealand, and the Irish Republic to limit their exports of Cheddar and Cheddar-type cheese to the United Kingdom through March 31, 1970. However, no details of the restrictions were announced. Together with home production, imports from these three countries account for about 90 percent of the market supply. Discussions are still underway with the remaining suppliers—Canada, France, Netherlands, and Denmark.

The British Government is particularly concerned over the buildup of cheese stocks, which threatens to break the price of domestically produced cheese. At the end of January 1969, cheese stocks totaled 162 million pounds, up significantly from a year earlier and about double the 87 million pounds in store in January 1967. Prices of domestically produced Cheddar have held steady, but producers were forced to curtail production at times during 1968. —By PHILIP L. MACKIE

Dairy and Poultry Division, FAS

The Caribbean Free Trade Area could vitalize the Caribbean economies, and it also could spark imports of U.S. agricultural raw materials, many of which are now duty free and fully competitive with Commonwealth products.

CARIFTA and the Caribbean Market

By WILFERD L. PHILLIPSEN
U.S. Agricultural Attaché,
Port-of-Spain

The British Commonwealth Caribbean countries have for the second time in 3 years made an effort to integrate their trade.

The first effort—a free trade pact in 1966 between Antigua, Barbados, and Guyana—never really got off the ground, but it opened the way for future cooperation. This came in May 1968, when Trinidad and Tobago, Antigua, Guyana, and Barbados, formed a new CARIFTA. Dominica, Grenada, St. Christopher-Nevis-Anguilla, St. Lucia, Montserrat, and St. Vincent joined 2 months later, and Jamaica completed the basis for economic unity of the West Indies by becoming a member on August 1, 1968.

The CARIFTA agreement

Essentially, the CARIFTA agreement provides for immediate removal of all tariffs among members with the exception of those few products specified in a relatively short Reserve List. Products on the Reserve List will have duties gradually removed over 5- and 10-year periods—5 years by the more developed countries of Trinidad and Tobago, Barbados, Guyana, and Jamaica and 10 years by the less developed states and dependencies of the Leeward and Windward Islands. The only agricultural commodities on the Reserve List are:

- Preserved fruit and fruit preparations (except frozen citrus concentrates and citrus segments);
- Unmanufactured tobacco;
- Manufactured tobacco, except cigars.

The CARIFTA agreement requires that 50 percent of a finished product's value be added locally if the product is to qualify for free trade area treatment. There are, however, two exceptions to the 50-percent requirement. The first is for finished products resulting from certain manufacturing processes specified in a Qualifying Process List. The second exception is for items on a Basic Materials List; these enter duty free when destined for further processing within the area. Farm products on the Basic Materials List include:

Wheat and spelt (unmilled)
Barley, rye, oats (unmilled)
Cereals, except rice, and corn (unmilled)
Malt
Apples and grapes
Lactose, glucose, maltose and caramel
Silk
Wool and animal hair
Sponges, bristles, hair and waste
Natural gums, resins, balsam and lacs
Hydrogenated oils and fats
Casein, albumin and gelatin
Potatoes
Hops (fresh or dry)
Cocoa beans
Pepper and pimento
Spices
Jute
Vegetable fibers
Animal oils, fats, and greases
Linseed, linseed oil
Castor oil
Essential vegetable oils
Waxes of animal and of vegetable origin

Duty-free entry is also being accorded to raw materials for most manufactured goods, such as plastics, clothing, cosmetics, and metals, thereby enabling the United States to compete equally with Commonwealth suppliers.

The CARIFTA agreement prohibits the imposition by member countries of quantitative restrictions on trade with other CARIFTA countries, and no member can provide more generous investment incentives, or tax concessions, than other countries in the group extend.

As a further refinement of tariff schedules within CARIFTA, the Associated States of Antigua, Dominica, Grenada, St. Kitts, St. Lucia, and St. Vincent signed an Eastern Caribbean Common Market Agreement on June 11, 1968. Article 7 of this agreement provides for the establishment of a common external tariff between the signatories within 3 years.

Agricultural Marketing Protocol

Because free trade in agricultural products would not constitute a sufficient incentive to agricultural development within the area, the CARIFTA agreement provides a more positive instrument for the encouragement of agricultural trade among members. The instrument, called an Agricultural Marketing Protocol, follows the principles of the Caribbean Oils and Fats agreement, which will continue in effect as a separate Multilateral Agreement, and the Guyana Rice agreements, which will continue as a member of bilateral agreements between Guyana and individual CARIFTA countries. The Protocol specifies the 22 commodities that may not be imported from outside sources until all internal supplies have been utilized. CARIFTA Agricultural Marketing Protocol applies to the following commodities:

Carrots
Garlic
Onions
Potatoes
Cinnamon
Cloves
Plantains
Peanuts
Pork and pork products
Black pepper
Sweet pepper
Sweetpotatoes
String beans
Cabbage
Eggs
Tomatoes
Red kidney beans
Poultry meat
Okra
Fresh oranges
Pineapples
Pigeon (Congo) peas

The significance of CARIFTA

The case for regional economic integration of the small, developing Caribbean countries is obvious. The wider market arising through removal of restrictions on trade allows production of both agricultural and industrial products to expand. This effect is particularly important in obtaining economies of

large-scale production in manufacturing and processing. CARIFTA means an extension of the market in any one country to a total market of 4.5 million persons in the combined member countries. It makes possible "regional import substitution" in the West Indies and should increase intraregional trade dramatically.

Many West Indian leaders look upon CARIFTA as the first step in their final objective of establishing a Caribbean Economic Community, including harmonization of fiscal incentives, regional integration of industries, a planned and organized agricultural trade, and the establishment of regional sea and air carriers. Therefore, the successful evolution of CARIFTA would help create a single viable economic unit in an area where competing policies often work against the optimum allocation of agricultural resources.

CARIFTA's effect on U.S. farm trade

The formation of CARIFTA has made a substantial proportion of intra-area trade duty free, while imports from outside are subject to the same tariffs as before. This means that U.S. producers will see CARIFTA members increasingly turn to one another for their import needs.

However, all of the CARIFTA member countries do offer concessions in the form of tax holidays and duty-free imports of raw materials. Thus, U.S. agribusiness can participate in CARIFTA's benefits by direct investment, or licensing arrangements, to manufacture or process agricultural commodities in the CARIFTA area.

In addition, U.S. agriculture can expect to more than offset the losses caused by CARIFTA's Agricultural Marketing Protocol with increased sales of commodities included in the Basic Materials List. Products on the list that may be purchased in increasing volume from the United States are wheat for flour, feedgrains for the growing livestock industry, tallow for soap manufacture and hydrogenated oils, and fats for the manufacture of margarine and edible oils.

The CARIFTA market purchased $50.2 million worth of farm products in fiscal 1968. Imaginative utilization of CARIFTA's provisions can mean an accelerated growth in future sales to this neighboring, rapidly expanding market.

Spring, Japan: U.S. Food Promotions

Above, at Fair wheat booth, flipping over pancakes; above right, eager sandwich builders at do-it-yourself promotion; below, a Fair steak sampler.

Right, crowd celebrates Emporer's birthday by jamming in-store promotion at Hankyu, Osaka; below, Hawaii pineapple offered and accepted by lovely ladies.

Spring promotions of U.S. wheat, meat, and other foods were greeted by a snowstorm as the Tokyo International Trade Fair opened on April 17. But their reception there and in later Japan-wide campaigns was far from chilly.

The schedule of Wheat Associates U.S.A. called for acquainting Japanese families with refrigerated dough products, pancakes, and waffles—first, at the Fair; later, in four department store food promotions. Other items, already known to the Japanese, are doughnuts; cake mixes, with prize-winning contest recipes demonstrated by leaders of women's groups; and sandwiches, in an all-Japan audience-participation activity.

Meat promotion at the Fair included the biggest display of fresh and frozen beef yet presented to Japan's meat trade. Exhibitors were private firms from California, Washington, and Iowa; the Texas and Colorado Agriculture Departments; and the Colorado Beef Board. A Tokyo reception for hotel chefs starred prime rib; an Osaka dinner for the meat and hotel trade featured U.S. Choice steak as itself and in sukiyaki.

First of the joint Commerce-USDA spring in-store promotions for Japan bloomed at Osaka's Hankyu department store April 29-May 5. The store selected and bought merchandise for the show, featuring fresh citrus (including oranges and grapefruit obtained under a special quota), canned fruits, and other processed foods, but displaying also many other items. Week's sales were estimated at $200,000.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, with comparisons to a week earlier and a year ago, are as follows:

Item	May 13	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.93	0	1.99
USSR SKS-14	1.84	0	1.88
Australia Prime Hard	1.85	−2	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.92	+5	1.91
15 percent	1.92	0	1.97
U.S. No. 2 Hard Winter			
14 percent	1.91	+2	1.80
Argentine	1.80	0	1.88
U.S. No. 2 Soft Red Winter	1.70	+2	1.59
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	−1	1.35
Argentine Plate corn	1.55	0	1.47
U.S. No. 2 sorghum	1.30	+4	1.37
Argentine-Granifero	1.27	+2	1.34

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

United States, Brazil Coffee Accord

The Government of Brazil on May 1, 1969, imposed a tax of 13 U.S. cents per pound—about 13 percent—on exports of soluble coffee to the United States, whether such coffee is shipped directly or indirectly. This is a first step in alleviating what the United States contended was discrimination in favor of processed coffee and against the raw bean, contrary to the International Coffee Agreement. Exports of soluble coffee from Brazil to the United States have increased very rapidly, reaching $16.9 million in 1968. This rise occurred because Brazilian manufacturers could purchase raw coffee beans at a cost much lower than the export price of the beans, and because soluble coffee did not carry an export tax whereas the green coffee was taxed at slightly more than 50 percent.

The Governments of the United States and Brazil have agreed to meet on or about January 15, 1970, to consult on the soluble coffee markets and to seek agreement on further measures to be taken with respect to soluble coffee exports from Brazil. These discussions will be concluded not later than March 1, 1970. If no agreement is reached by that time, the United States reserves its right to impose measures it deems appropriate to correct the situation. It is the view of the United States that this would involve taking steps to insure that a total tax of 30 cents per pound is levied on Brazilian soluble coffee by May 1, 1970.

Record Ecuadoran Cocoa Exports

Reflecting a bumper 1967-68 cocoa bean crop of 70,000 metric tons, Ecuador's cocoa bean exports in 1968 totaled a record 65,072 tons valued at $38.8 million and were well above the 1967 level of 45,023 tons valued at $24.9 million.

The Soviet Union entered the Ecuadoran cocoa market for the first time in 1968 and was the largest buyer, taking 24,500 tons worth $15.2 million. The United States was the second largest recipient with 17,784 tons valued at $9.8 million.

Ceylon's Tea Exports Down

Although Ceylon produced a near-record tea crop of 495.6 million pounds in 1968, its exports of 460.0 million pounds were off 4 percent from 1967 shipments of 477.4 million. The decline in exports was attributed to strikes in the mercantile sector earlier in the year which disrupted shipping.

As a result of the November 1967 currency devaluation, export earnings from tea in 1968 rose by 100.7 million rupees to 1,160.9 million, although the actual U.S. dollar equivalent declined.

Malagasy Republic Spice Exports Up

Exports of vanilla beans from the Malagasy Republic in 1968 totaled 961 metric tons valued at $10.2 million, up 44 percent over 1967 shipments of 666 tons worth $6.8 million. The sharp increase was due to the recovery in sales to the United States for the replacement of depleted stocks.

Exports of cloves also rose sharply, amounting to 12,425 tons valued at $7.9 million, more than double 1967 shipments of 5,259 tons at $3.5 million.

Black pepper exports, at 3,095 tons, were also more than double the preceding year's level of 1,451 tons.

Germany Imports More Chinese Tobacco

Arrivals of leaf tobacco in West German ports from Mainland China in 1968 were four times what they were in 1965 and eight times the 1964 level.

The West German tobacco industry began to sharply increase imports of leaf tobacco from China in 1965, even prior to the German Government's embargo on imports of Rhodesian tobacco.

GERMAN IMPORTS OF TOBACCO FROM MAINLAND CHINA

Year	Arrivals	Declared imports	Average price of declared imports
	1,000 lb.	*1,000 lb.*	*U.S. $ per lb.*
1964	1,261	1,109	$0.25
1965	4,475	3,457	.26
1966	9,577	6,907	.24
1967	14,198	9,634	.27
1968	17,075	10,712	.24

Data on usings of tobacco from Communist China by the German tobacco industry are not available; it is estimated, however, that such imports have now replaced 35-40 percent of the Rhodesian tobacco formerly used in German blends.

It is likely that this Chinese tobacco will maintain some permanent market in West Germany even if Rhodesian tobacco should reappear in international trade.

Imports of tobacco from South Korea, Thailand, Taiwan (Free China), and the Philippines have also helped fill the gap resulting from the Rhodesian sanctions.

West Germany is a major market for U.S. tobacco, ranking second to the United Kingdom in use of U.S. leaf. During 1968, 88.6 million pounds of U.S. unmanufactured leaf (15 percent of total U.S. exports) valued at $74.1 million were exported to the West German market.

South African Hops Estimate

The hop producing area in the Southwestern Cape enjoyed favorable weather this season, and a crop of 145,000 pounds or more is expected. This compares with the 130,000-pound 1968 crop.

South Africa imported 584,000 pounds of hops in calendar year 1968, of which 173,000 pounds were packaged for retail sale and 411,000 pounds were bulk hops. The United States supplied 150,000 pounds of the packaged hops at a reported average value of 46 cents a pound. Czechoslovakia and Germany were the main suppliers of the bulk hops, and the United States furnished only 3,000 pounds at a reported average value of 40 cents a pound. Imports for 1969 are forecast at 780,000 pounds.

SOUTH AFRICAN HOPS
SUPPLY AND DISTRIBUTION

Item	1967	1968	1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Beginning stocks (Jan. 1)	598	273	169
Production	110	130	145
Imports	327	584	780
Total supply	1,035	987	1,094
Exports [1]	—	—	—
Domestic disappearance	762	818	840
Ending stocks (Dec. 30)	273	169	254
Total distribution	1,035	987	1,094

[1] Minor exports are included in "Domestic disappearance."

Yugoslav Hops Down, Consumption Up

Yugoslavia's 1968 hops crop is unofficially estimated at 11.2 million pounds or 0.4 million below 1967.

Hops exports during the 1967-68 marketing year totaled 9,253,000 pounds—a decrease of 675,000 pounds from 1966-67 which is due primarily to lessened imports by the United States.

Hops exports during the first 5 months of the current marketing year (October 1968 through February 1969) have totaled 6,724,000 pounds. The balance of export availabilities, totaling about 2 million pounds, have also been contracted for foreign delivery during the next few months.

An estimated 2,756,000 pounds of Yugoslav hops will be consumed by the country's beer industry during the current marketing year—up 6 percent from 1967-68. Domestic hop consumption is expected to increase as demand for beer continues to grow.

Data on carryover stocks of hops are not available, but trade sources indicate that they are generally small—averaging around 0.2 to 0.7 million pounds. On the basis of a consumption rate of 250 grams of hops per hectoliter of beer (0.647 lb. per barrel) compared to 200 grams estimated previously (0.517 lb. per barrel), the revised supply and distribution table indicates some increase in domestic consumption and smaller but more realistic ending stocks.

Export prices for Yugoslav hops, at 83 cents a pound for Slovenian and 66 cents for Backa hops during the last quarter of 1968, were down from the year before. Hop prices to growers are based upon export prices.

Good field conditions indicate a 1969 hop crop of about 11.5 million to 12 million pounds, slightly above the 1968 level. Seventy percent of the expected 1969 crop has already been contracted for export.

While Yugoslavia has favorable conditions for hop production, it is expected that the crop will be kept in line with anticipated demand, both for local beer consumption and for export.

YUGOSLAVIAN HOPS, SUPPLY AND DISTRIBUTION

Item	Average 1961-65	1966-67	1967-68	1968-69 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beginning stocks (Oct. 1)	791	856	673	514
Production	11,565	12,147	11,684	11,243
Imports	46	—	—	—
Total supply	12,402	13,003	12,357	11,757
Exports	9,880	9,927	9,253	8,818
Domestic disappearance	1,469	2,403	2,590	2,756
Ending stocks (Sept. 30)	953	673	514	183
Total distribution	12,402	13,003	12,357	11,757

[1] Preliminary.

Poor Argentine Hops Crop

A sharply lower Argentine production of hops is expected to increase import requirements by about 175,000 pounds, for consumption of hops has shown a rising tendency since 1966 along with beer consumption. Stocks of hops were down moderately at the end of 1968 and should remain at about the same level at the end of 1969.

The 1969 hops production is currently estimated at 195,000 pounds, down sharply from the revised 1968 production of 430,000 pounds. The 31-percent decrease was due chiefly to adverse climatic conditions. A prolonged period of hot weather with strong winds sharply reduced soil moisture and cut production in the High Valley of the Rio Negro Province, where about 55 percent of the hops crop is produced. Weather conditions in the Bolson (Chubut) zone were favorable.

A sizable increase in acreage occurred in the Bolson (Chubut) area and to a somewhat lesser extent in the Rio Negro area. However, production in the Nicanor Otamendi (Buenos Aires) area continued to decline. While the cost of production is about the same in the three areas, the yields in Nicanor Otamendi are about one-half those in the Rio Negro and about one-fourth those in the Bolson area. Therefore, the trade expects hops production to disappear in the Nicanor Otamendi area in the near future.

Reports indicate that no verticillium wilt or aphids affected the 1969 crop. However, normal attacks of downy mildew and red spider were observed. These pests were kept under control with treatments of copper oxichloride and streptomycin against mildew and Chemid and Kilkane against the red spider attacks.

In calendar year 1968, 331,000 pounds of hops were im-

ported, 282,000 coming from the United States and 49,000 pounds from West Germany. With the smaller crop, Argentina is expected to import at least 500,000 pounds of hops during 1969.

Present price paid to farmers for hops is $1.30 per pound, at the farm, compared to $1.23 last year. Prices of imported hops vary from 83-87 cents per pound for U.S. hops and $0.97-$1.22 per pound for hops from West Germany. The small amount of hop extract imported was priced from $2.38-$4.87 per pound according to origin.

The import duty for hops was 50 percent ad valorem from March 1968 through December 1968, when it was changed to 90 percent. The duty on hop extract is 60 percent ad valorem.

Italian Import Quota for U.S. Wine

Italy has authorized an annual import quota of 52,840 gallons of bottled U.S. wines; equal segments of the quota will be issued semi-annually. All imports will be subject to the Italian import licensing system, and must comply with the Madrid Agreement.

Netherlands Prices of Canned Fruit, Juice

Quotations represent wholesale offering prices on a landed, duty-paid basis including the sugar-added levy, but excluding the value-added tax.

Type and quality	Size of can	Price per dozen units Apr. 1968	Dec. 1968	Mar. 1969	Origin
		Dol. per doz.	*Dol. per doz.*	*Dol. per doz.*	
CANNED FRUIT					
Apricots, halves:					
Not specified	2½	—	3.38	3.38	Spain
Do	15 oz.	1.96	1.59	1.59	Spain
Cherries, sweet, not pitted:					
Not specified	1	6.23	5.10	4.81	Italy
Cherries, R.S.P.:					
Not specified	5 kg.	35.64	24.86	24.86	Yugoslavia
Fruit cocktail:					
Choice, heavy syrup	2½	—	5.27	5.27	United States
Do	2½	—	5.07	4.91	Italy
Choice, light syrup	2½	5.93	5.04	5.10	United States
Do	425 gr.	—	3.28	2.88	Australia
Peaches, clingstone halves:					
Choice, heavy syrup	2½	—	4.08	4.11	South Africa
Do	450	—	2.14	2.14	Italy
Standard, light syrup	2½	3.78	3.91	3.94	United States
Do	2½	3.68	—	3.75	Australia
Do	2½	—	3.71	3.58	South Africa
Pears, halves:					
Choice, heavy syrup	2½	4.94	4.71	4.71	Australia
Do	2½	4.48	3.85	3.78	Italy
Pineapple, slices:					
Fancy	2½	5.47	5.14	5.14	United States
Choice, heavy syrup	2½	4.57	4.64	4.64	United States
Do	2½	—	4.24	4.31	Philippines
Not specified	2½	—	—	3.78	Malaysia
Broken	10	12.66	12.00	12.00	South Africa
Do	10	—	15.75	15.75	United States
Pieces	30 oz.	3.12	3.15	3.05	Taiwan
CANNED JUICES					
Orange, unsweetened	[1]0.7 ltr.	3.22	—	3.05	Israel
Pineapple, unsweetened	6 oz.	.99	.93	.93	United States

[1] In glass bottles.

London Prices of Canned Fruits, Juices

Quotations indicate selling prices in London, c.i.f. basis unless otherwise indicated.

Type and quality	Size of can	Price per dozen units Apr. 1968	Jan. 1969	Apr. 1969	Origin
		U.S. dol.	*U.S. dol.*	*U.S. dol.*	
CANNED FRUIT					
Apricot halves:					
Fancy	2½	—	2.82	3.03	South Africa
Choice	2½	—	2.94	[1]3.24	Australia
Do	2½	—	2.70	2.94	South Africa
Fruit cocktail:					
Choice	303	—	2.48	2.48	United States
Do	2½	—	3.72	[1]3.90	Australia
Fruit salad:					
Choice	15 oz.	—	1.74	1.62	Spain
Peaches, clingstone halves:					
Fancy	2½	—	3.03	[1]3.27	Australia
Do	2½	—	2.82	3.00	South Africa
Choice	2½	—	2.91	[1]3.15	Australia
Do	2½	—	2.70	3.00	South Africa
Pears:					
Fancy	2½	—	3.12	[1]3.51	Australia
Do	2½	—	2.97	3.18	South Africa
Choice	2½	—	3.00	[1]3.33	Australia
Do	2½	—	2.85	3.09	South Africa
Pineapple slices:					
Fancy	2½	3.77	3.73	3.33	United States
Do	16 oz.	1.56	1.68	1.68	South Africa
Choice	2½	3.10	3.16	3.18	United States
Do	16 oz.	1.48	1.44	1.44	Malaysia
Grapefruit sections:					
No. 2	20 oz.	—	2.34	2.34	Israel
CANNED JUICE					
Grapefruit, unsweetened	43 oz.	2.73	2.97	3.03	Israel
Orange, unsweetened	43 oz.	2.88	3.03	3.09	Israel

[1] Ex quay.

Greek Raisin Export Subsidy

Greece has approved an export subsidy of 3 cents per pound on the 1968 crop of currants and sultana raisins exported to Japan. The subsidy, which retroactively became effective April 1, 1969, covers a total of 551 short tons of currants and 2,205 tons of raisins. Grades of sultanas covered by the minimum price regulations of the International Sultana Agreement are not eligible for the subsidy.

Changing Swedish Dairy Market

Exports of U.S. dairy products to Sweden increased 25 percent in 1968 to a total of $306,000. Nearly 90 percent of these commercial sales were accounted for by either cheese (including processed cheese foods) or nonfat powdered milk in consumer packages. The high standard of living of the Swedish consumer and a drive for less fat in the diet have stimulated a strong demand for these products, even though total per capita consumption of dairy products has been declining in recent years.

Imports of cheese have been increasing steadily in Sweden. The prospects for U.S. exports of American-type cheese appear promising. Sliced U.S. processed cheese and cheese spread in consumer packs have been well received and are available in most chain stores. On the other hand, the Swedish Dairies Association has been making complaints against the increasing imports of dried milk, and there is a possibility

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that the farm organizations may succeed in stopping these imports.

The decline in consumption of dairy products as a group in Sweden is due mainly to reduced consumption of butter and a shift toward skim milk and whole milk with a lower butterfat content. This shift has been speeded by the increasing use of imported milk and cream substitutes. These products, which are mostly of U.S. origin, have achieved a rapid breakthrough due to the marketing efforts of U.S. companies, and an increasing number are coming on the market. So far, cream substitutes have been used mainly as coffee cream, but a campaign is underway to provide these products in larger packs and at lower prices for use in baking.

The Swedish dairy industry is responding to the antifat propaganda and the competition of dairy substitutes by developing new products with lower fat content.

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Australia Pushes Production of Sunflowerseed

Sunflowerseed—a relative newcomer to Australian soil—received an increasing amount of acreage and attention during the past year. Safflowerseed crushers are promoting expansion of Australian sunflowerseed because rising imports of sunflowerseed oil from Eastern Europe have been competing with the higher priced domestic safflower oil. A larger production of sunflowerseed will also enable the crushers to maintain operations on a year-round basis since sunflower and safflower crops are harvested and processed at different times of the year.

Last year Australian imports of sunflowerseed oil totaled 1.9 million pounds, a significant rise over the 1966-67 figure of about 121,000 pounds. The soaring imports reflect the growing market for this polyunsaturated oil. It is becoming increasingly popular with margarine manufacturers, both in price and as a replacement for domestic safflower oil, which has suffered shortfalls during the last few years. However, to some extent the increase in imports of sunflowerseed oil as well as other vegetable oils is also attributed to stocking by manufacturers who anticipated the imposition of higher import duties as a result of the 1967 Tariff Board inquiry into vegetable fats and oils.

For the 1968-69 season, crushers arranged with growers to produce 5,000 long tons of sunflowerseed. However, due to adverse conditions, total production is now estimated at about 1,500 long tons, far short of the original target.

Most of the crop was planted in Queensland, and early estimates placed the acreage in that State at about 40,000 acres. However, the absence of rain at planting time prevented this intended acreage from being achieved. The crops that were planted in nonirrigated districts suffered from dry conditions, while the crops in irrigated areas were affected by severe insect and disease problems.

A record acreage of sunflowers was also planted in New South Wales mainly under dryland conditions. However, here again, low rainfall inhibited development of the plants and yields are expected to be low.

Although the crop did not succeed well this year, it is expected that the crushers will persist in encouraging production. As the need to diversify crops in the wheat belt becomes more pressing, sunflowers may serve as an alternative. New varieties of sunflowerseed, some with short stems and high oil content, have been introduced this year. Given favorable conditions, production could expand rapidly. This season, crushers offered growers US$112 per long ton of clean seed delivered to the mills. The current wholesale price for sunflowerseed oil ranges between US$409 and US$431 per long ton delivered in bulk tankers to the buyer's factory.

—Based on dispatch by FRED M. LEGE III
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